

SERFF Tracking Number: FDLR-126661752 State: Arkansas
 Filing Company: Fidelity Life Association, A Legal Reserve Life Insurance Company State Tracking Number: 45883
 Company Tracking Number:
 TOI: L04G Group Life - Term Sub-TOI: L04G.103 Renewable - Single Life - Fixed/Indeterminate Premium
 Product Name: Age Change on LBT product
 Project Name/Number: /

Filing at a Glance

Company: Fidelity Life Association, A Legal Reserve Life Insurance Company

Product Name: Age Change on LBT product SERFF Tr Num: FDLR-126661752 State: Arkansas

TOI: L04G Group Life - Term SERFF Status: Closed-Filed-Closed State Tr Num: 45883

Sub-TOI: L04G.103 Renewable - Single Life - Co Tr Num: State Status: Filed-Closed
 Fixed/Indeterminate Premium

Filing Type: Form Reviewer(s): Linda Bird
 Author: Barbara Mooney Disposition Date: 06/15/2010
 Date Submitted: 06/05/2010 Disposition Status: Filed-Closed
 Implementation Date: Implementation Date:

Implementation Date Requested: On Approval

State Filing Description:

General Information

Project Name: Status of Filing in Domicile: Pending
 Project Number: Date Approved in Domicile:
 Requested Filing Mode: Domicile Status Comments:
 Explanation for Combination/Other: Market Type: Group
 Submission Type: New Submission Group Market Size: Small and Large
 Overall Rate Impact: Group Market Type: Employer, Association
 Filing Status Changed: 06/15/2010 Explanation for Other Group Market Type:
 State Status Changed: 06/15/2010
 Deemer Date: Created By: Barbara Mooney
 Submitted By: Barbara Mooney Corresponding Filing Tracking Number:
 Filing Description:
 Notification of the intent to expand the issue ages on the Lifetime Benefit Term Product

Company and Contact

Filing Contact Information

Ciaran Brady, Vice President - Operations Ciaran.Brady@FLA-Life.com
 1211 W 22nd St, Suite 209 630-522-0392 [Phone]

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Oak Brook, IL 60523 630-522-0397 [FAX]

Filing Company Information

Fidelity Life Association, A Legal Reserve Life Insurance Company CoCode: 63290 State of Domicile: Illinois
1211 W 22nd St. Group Code: 3413 Company Type: Life
Suite 209 Group Name: State ID Number:
Oak Brook, IL 60523 FEIN Number: 36-1068685
(630) 522-0392 ext. [Phone]

Filing Fees

Fee Required? Yes
Fee Amount: \$150.00
Retaliatory? Yes
Fee Explanation: 3 forms at \$50.00 each
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Fidelity Life Association, A Legal Reserve Life Insurance Company	\$150.00	06/05/2010	37024790

SERFF Tracking Number: *FDLR-126661752* *State:* *Arkansas*
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed-Closed	Linda Bird	06/15/2010	06/15/2010

SERFF Tracking Number: *FDLR-126661752* *State:* *Arkansas*
Filing Company: *Fidelity Life Association, A Legal Reserve Life Insurance Company* *State Tracking Number:* *45883*
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TOI: *L04G Group Life - Term* *Sub-TOI:* *L04G.103 Renewable - Single Life - Fixed/Indeterminate Premium*
Product Name: *Age Change on LBT product*
Project Name/Number: */*

Disposition

Disposition Date: 06/15/2010

Implementation Date:

Status: Filed-Closed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: FDLR-126661752 State: Arkansas

Filing Company: Fidelity Life Association, A Legal Reserve Life Insurance Company State Tracking Number: 45883

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TOI: L04G Group Life - Term Sub-TOI: L04G.103 Renewable - Single Life - Fixed/Indeterminate Premium

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		No
Supporting Document	Application		No
Supporting Document	Filing Authorization		Yes
Supporting Document	Cover Letter		Yes
Form	Actuarial memo		Yes
Form	Actuarial memo		Yes
Form	Actuarial Memo		Yes

SERFF Tracking Number: FDLR-126661752 State: Arkansas

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TOI: L04G Group Life - Term Sub-TOI: L04G.103 Renewable - Single Life - Fixed/Indeterminate Premium

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Form Schedule

Lead Form Number: WP300

Schedule Item Status	Form Number	Form Type	Form Name	Action	Action Specific Data	Readability	Attachment
	WP300	Other	Actuarial memo	Initial			FLA_LBT_ActuarialMemo_WP300_WC300_100430.pdf
	W3P06AR	Other	Actuarial memo	Initial			ARM FLA LTC Rider Act Memo 2010-05-19.pdf
	W3P007CAR	Other	Actuarial Memo	Initial			ltc- ti rider act memo 2010-05-19 NH.pdf

Fidelity Life Association, A Legal Reserve Life Insurance Company

Actuarial Memorandum Policy Form WP300, Certificate Form WC300 Lifetime Benefit Term - For the Worksite

The purpose of this memorandum is to describe the contract for the purposes of demonstrating and certifying compliance with applicable laws and regulations in the state that this contract is being filed.

This informational memorandum replaces the previous actuarial memorandum dated 10/12/2006, extending the issue ages available under this plan plan to ages 0 thru 80.

Plan Summary

Lifetime Benefit Term (LBT) is a modified death benefit group term life insurance plan that provides death benefits to the insured's age 121. Issue and attained ages are based upon age last birthday as of the certificate anniversary. A guaranteed level premium is payable to age 100. There is no certificate fee. During the premium paying period, LBT provides a guaranteed level death benefit until the later of 25 years or age 70, but not beyond age 100. After this initial level period, the guaranteed death benefit drops to 50% of the original death benefit and continues until expiry.

The guaranteed death benefit is made up of two parts. The plan accumulates guaranteed paid-up term insurance (GPU). GPU remains in force upon termination provided that premiums have been paid for at least five full certificate years. The GPU expires at age 121. A level portion of the premium is used to purchase the GPU (after a premium load that varies by certificate year). The remaining portion of the level premium pays for the remaining decreasing term death benefits that make up the total guaranteed death benefit during the premium paying period.

During the premium paying period, the plan also provides additional non-guaranteed deferred paid-up term insurance (APU) values based on non-guaranteed excess interest and anticipated mortality more favorable than that guaranteed under the contract. During the initial level death benefit period, provided that premiums have been paid for at least five full certificate years, the APU increases the GPU upon termination of premium payments. After the initial level death benefit period, a portion of the APU value is used to provide one year term insurance (OYT) equal to the 50% decrease in guaranteed death benefit. The remaining APU value continues to increase the GPU upon termination of premium payments.

Once the GPU plus the APU equals or exceeds the initial death benefit payable, the plan becomes fully guaranteed paid-up term insurance for that amount. No further premium payments are payable.

This plan is non-participating and provides no cash surrender or loan values.

The plan has both sex-distinct and unisex premiums and values, depending upon the characteristics of the group and applicable regulations. For unisex offers, three gender mix plan versions (70% male, 50% male, and 30% male) are available based upon the demographics of the covered group. Other gender splits may be added as needed. Non-nicotine and Nicotine class premiums and paid-up values are offered.

The plan is offered on a simplified underwriting basis to employees, their spouses, their children and/or other family members in the worksite market and to members of certain other groups and associations. Eligibility beyond employees or members will be limited to comply with any individual state eligibility requirements.

The plan is issued at ages 0 to 80. Issue ages may be restricted further based upon the characteristics of the group and state eligibility requirements. Minimum and maximum face amounts will be dependent upon the characteristics of a given group.

Calculation of Guaranteed Paid-Up Term Benefits (GPU)

GPU values are calculated based upon a level portion of the annual gross premium (subject to a premium load during the first five certificate years) using the following interest rate and mortality table:

Mortality table: 2001 CSO ultimate, age last birthday, unisex, smoker/nonsmoker, mortality table

Interest Rate: 2.00%

Gender Mix: Sex distinct, in addition to three unisex plans currently available are 30% Male, 50%, Male, and 70% Male. Other splits may be added as needed.

The attached appendix includes sample GPU calculations per unit for a nonsmoker age 35 for the unisex 50% male, 50% female plan.

q_t = blended unisex mortality rate calculated from the assumed mortality table.

NSP_t = Net single premium in year t for a \$1 paid-up term benefit to age 121 based upon insured age last birthday at beginning of year t , calculated on a semi-continuous basis from unisex mortality rate and assumed interest.

$GPUPrem$ = Level gross premium used to purchase GPU values. This premium is calculated as the level portion of the total gross premium needed to accumulate a fully paid up GPU value at age 100.

$PctLoad_t$ = Load deducted from $GPUPrem$ in year t before purchasing GPU values.

$NetGPUPrem_t = GPUPrem * (1 - PctLoad_t)$ = Net premium used to purchase GPU values in year t .

$GPU_t = NetGPUPrem_t / NSP_t + GPU_{t-1}$ = Cumulative GPU value in year t (rounded to high penny per unit)

GPU values between certificate years are linearly interpolated based upon the portion of the annual premium paid in that year.

Calculation of Additional Non-guaranteed Paid Up Term Insurance (APU)

Additional non-guaranteed values may be credited at the end of each certificate year during the premium paying period based upon current interest and mortality rates more favorable than the guaranteed rates. Current rates are based upon anticipated future experience and are declared at or before the beginning of each certificate year for that upcoming year. Current rates are not calculated to either recover past losses or distribute past profits. Any changes to current rates will be made uniformly for all insureds for a given age, mortality table and rate class. The additional credits used to purchase these APU values come from three sources:

- (1) Annual excess current interest on the NSP_t value of previous year accumulated GPU and APU values
- (2) Current mortality credit on the total guaranteed death benefit
- (3) Survivor endowment credit on cumulative APU credits from previous certificate year. This credit reflects the fact that APU values are not payable as additional death benefits during the premium paying period, but rather accumulate to provide additional portable paid up term insurance benefits only when premium payments cease (either due to lapse or when the certificate becomes fully paid up). So each year, a survivor credit is calculated to reflect that no death benefits were paid on these accumulated APU values during the premium paying period.

Calculation of Additional Non-guaranteed Paid Up Term Insurance (APU) (continued)

Sample APU calculations per unit are shown below based upon the attached sample GPU values:

Assume: $t = \text{year } 10$

$\text{APU}_9 = \text{additional paid up value at end of year } 9 = 8.24$

$\text{GPU}_9 = \text{guaranteed paid up value at end of year } 9 = 60.63$

$\text{CROI} = \text{Current rate of interest} = 5\%$

$\text{GROI} = \text{Guaranteed rate of interest} = 2\%$

$\text{cq}_{10} = \text{Current } q = .00158$

$\text{gq}_{10} = \text{Guaranteed } q = .00193$

$\text{NSP}_{10} = .50109$

$\text{NSP}_{11} = .51014$

$$\begin{aligned} (1) \text{ Excess Interest} &= (\text{APU}_9 + \text{GPU}_9) * \text{NSP}_{10} * (\text{CROI} - \text{GROI}) \\ &= (8.24 + 60.63) * .50109 * (.05 - .02) = 1.035 \end{aligned}$$

$$\begin{aligned} (2) \text{ Mortality Credit} &= 1000 * (\text{gq}_{10} - \text{cq}_{10}) * [(1 + \text{CROI})^{0.5}] / (1 - \text{cq}_{10}) \\ &= 1000 * (.00193 - .00158) * (1.05^{0.5}) / (1 - .00158) = 0.360 \end{aligned}$$

$$\begin{aligned} (3) \text{ Survivor Credit} &= \text{APU}_9 * (\text{cq}_{10}) * [(1 + \text{CROI})^{0.5}] / (1 - \text{cq}_{10}) \\ &= 8.24 * (.00158) * (1.05^{0.5}) / (1 - .00158) = .013 \end{aligned}$$

$$\begin{aligned} \text{APU}_{10} &= \text{APU}_9 + (\text{Excess Interest} + \text{Current Mortality} + \text{Survivor Credit}) / \text{NSP}_{11} \\ &= 8.24 + (1.035 + .360 + .013) / .51014 = 11.00 \end{aligned}$$

Calculation of Non-Guaranteed One Year Term Insurance (OYT)

The guaranteed death benefit is level until the later of 25 years or age 70, but not later than age 100. The guaranteed death benefit then drops by 50% until expiry of the term insurance. Once the guaranteed death benefit reduces, a portion of any APU values that have been accumulated will be automatically converted, as needed, to provide one year term insurance (OYT) equal to the amount of the reduced death benefit. In this way, the death benefit will remain level provided that sufficient APU values have been accumulated.

The guaranteed maximum OYT rate is based upon the guaranteed rates used to purchase GPU values. Lower current rates may be declared in advance of the certificate year.

Sample OYT calculations per unit are shown below based upon the attached sample GPU values:

Assume: $t = \text{year } 40$

$\text{APU}_{39} = \text{additional paid up value at end of year } 39 = 402.18$

$\text{OYT}_{40} = \text{OYT needed due to reduced death benefit in year } 40 = 500.00$

$\text{OYTP}_{40} = \text{current OYT premium per \$1 death benefit at age } 40 = .02521$

$\text{NSP}_{40} = .79723$

$$\begin{aligned} \text{OYT Value} &= \text{Value needed to buy OYT benefit} \\ &= \text{OYTP}_{40} * \text{OYT}_{40} \\ &= .02521 * 500 = 12.605 \end{aligned}$$

$$\begin{aligned} \text{Adj APU}_{39} &= \text{Adjusted APU benefit after purchasing OYT benefit} \\ &= \text{APU}_{39} - (\text{OYT Value} / \text{NSP}_{40}) \\ &= 402.18 - (12.605 / .79723) = 386.37 \end{aligned}$$

Reserves

Reserves are calculated based on the Commissioner's Valuation Reserve Method (CRVM) as described in the NAIC Model Standard Valuation Law (SVL). Reserves are calculated on a semi-continuous basis. Premium paying reserves for guaranteed benefits are calculated based upon the total death benefit guarantee provided by the plan. Net single premium reserves for additional paid-up values are added to the guaranteed premium paying reserve. Paid-up values for non-premium paying certificates (either due to lapse or becoming fully paid up) are based upon net single premiums. The following assumptions and formulae are used:

Mortality table: 2001 CSO ultimate, age last birthday, unisex, smoker/nonsmoker, mortality table

Interest Rate: 4.00%

The attached appendix includes a sample reserve calculation for a nonsmoker age 35 for the unisex 50% male, 50% female plan. The formulae are shown below:

Gender Mix: Sex distinct, in addition to three unisex plans currently available are 30% Male, 50%, Male, and 70% Male

q_t = blended unisex mortality rate calculated from the assumed mortality table.

NSP_t = Net single premium for in year t for a \$1 paid-up term benefit to age 121 based upon insured age last birthday at beginning of year t , calculated on a semi-continuous basis from unisex mortality rate and assumed interest.

$PVNP_t$ = Present value of \$1 net premium per year to age 100 at beginning of year t .

$PVDB_t$ = Present value of guaranteed death benefits at beginning of year t

$BETA$ = CRVM Net premium = $PVDB_2 / PVNP_2$

$ALPHA$ = $\frac{1}{2}$ Cx first year premium = $q_1 / [(1.04)^{0.5}]$

APU_t = Additional paid-up values in year t

$TRES_t$ = Premium paying reserve in year t = $PVDB_{t+1} - BETA * PVNP_{t+1} + (APU_t * NSP_{t+1})$

$MRES_t$ = Mean premium paying reserve in year t = $.5 * (BETA + TRES_{t-1} + TRES_t)$
(substitute ALPHA for BETA when $t=1$)

$PURES_t$ = Non-premium paying reserve at end of year t = $PU_t * NSP_{t+1}$
(where PU_t = accumulated paid up amount in force)

Certification

I certify that this plan is in compliance the NAIC Model Standard Valuation Law. Gross premiums exceed net premiums in all cells so that no deficiency reserves are required. No cash surrender or nonforfeiture values (other than paid up values) are provided to comply with the Standard Nonforfeiture Law for Life Insurance based upon the exemption for group insurance plans. In my opinion, paid-up amounts under the plan provide reasonable, fair, and equitable values to non-premium paying certificate holders.



Chuck Ritzke, F.S.A., M.A.A.A.
Consulting Actuary

April 30, 2010
Dated

Fidelity Life Association, A Mutual Legal Reserve Company

Form WC300 - Lifetime Benefit Term - For the Worksite

Appendix to Actuarial Memorandum - Sample Guaranteed Paid-up Value Calculations

Table: 2001 Ultimate Age Last Birthday Nonsmoker Mortality Table

ROI: 2.00%

Method: Semi-continuous

Issue Age: 35

Gender: Unisex 50% Male - 50% Female plan

Class: Standard Non-nicotine

Total Gross Premium Per Unit: 6.98000

Gross GPU Premium per unit: 5.71866

Years to vest PU values: 5

Yr	Age	q	NSP per \$1	Death Benefits	GPU Premium Load	Net GPU Premium	Cumulative GPU
1	35	0.00102	0.42512	1000	100.00%	-	-
2	36	0.00108	0.43303	1000	75.00%	1.42967	3.31
3	37	0.00115	0.44108	1000	75.00%	1.42967	6.55
4	38	0.00122	0.44925	1000	75.00%	1.42967	9.73
5	39	0.00129	0.45756	1000	75.00%	1.42967	12.85
6	40	0.00138	0.46601	1000	0.00%	5.71866	25.13
7	41	0.00148	0.47459	1000	0.00%	5.71866	37.18
8	42	0.00161	0.48331	1000	0.00%	5.71866	49.01
9	43	0.00176	0.49214	1000	0.00%	5.71866	60.63
10	44	0.00193	0.50109	1000	0.00%	5.71866	72.04
11	45	0.00212	0.51014	1000	0.00%	5.71866	83.25
12	46	0.00232	0.51931	1000	0.00%	5.71866	94.26
13	47	0.00252	0.52858	1000	0.00%	5.71866	105.08
14	48	0.00271	0.53796	1000	0.00%	5.71866	115.71
15	49	0.00294	0.54746	1000	0.00%	5.71866	126.16
16	50	0.00321	0.55708	1000	0.00%	5.71866	136.42
17	51	0.00353	0.56680	1000	0.00%	5.71866	146.51
18	52	0.00391	0.57661	1000	0.00%	5.71866	156.43
19	53	0.00433	0.58648	1000	0.00%	5.71866	166.18
20	54	0.00482	0.59642	1000	0.00%	5.71866	175.77
21	55	0.00538	0.60641	1000	0.00%	5.71866	185.20
22	56	0.00596	0.61642	1000	0.00%	5.71866	194.48
23	57	0.00655	0.62646	1000	0.00%	5.71866	203.61
24	58	0.00715	0.63654	1000	0.00%	5.71866	212.59
25	59	0.00781	0.64668	1000	0.00%	5.71866	221.43
26	60	0.00857	0.65685	1000	0.00%	5.71866	230.14
27	61	0.00945	0.66705	1000	0.00%	5.71866	238.71
28	62	0.01045	0.67725	1000	0.00%	5.71866	247.16
29	63	0.01152	0.68742	1000	0.00%	5.71866	255.47
30	64	0.01266	0.69757	1000	0.00%	5.71866	263.67
31	65	0.01388	0.70770	1000	0.00%	5.71866	271.75
32	66	0.01514	0.71780	1000	0.00%	5.71866	279.72
33	67	0.01650	0.72788	1000	0.00%	5.71866	287.58
34	68	0.01796	0.73795	1000	0.00%	5.71866	295.33
35	69	0.01958	0.74800	1000	0.00%	5.71866	302.97
36	70	0.02144	0.75803	500	0.00%	5.71866	310.52
37	71	0.02365	0.76801	500	0.00%	5.71866	317.96
38	72	0.02617	0.77788	500	0.00%	5.71866	325.31
39	73	0.02886	0.78762	500	0.00%	5.71866	332.57
40	74	0.03179	0.79723	500	0.00%	5.71866	339.75
41	75	0.03498	0.80671	500	0.00%	5.71866	346.84
42	76	0.03855	0.81606	500	0.00%	5.71866	353.84
43	77	0.04262	0.82527	500	0.00%	5.71866	360.77
44	78	0.04724	0.83429	500	0.00%	5.71866	367.63
45	79	0.05238	0.84309	500	0.00%	5.71866	374.41
46	80	0.05834	0.85166	500	0.00%	5.71866	381.13
47	81	0.06513	0.85994	500	0.00%	5.71866	387.78
48	82	0.07233	0.86789	500	0.00%	5.71866	394.36
49	83	0.08006	0.87552	500	0.00%	5.71866	400.90
50	84	0.08867	0.88286	500	0.00%	5.71866	407.37
51	85	0.09791	0.88987	500	0.00%	5.71866	413.80
52	86	0.10836	0.89656	500	0.00%	5.71866	420.18
53	87	0.12027	0.90289	500	0.00%	5.71866	426.51
54	88	0.13290	0.90878	500	0.00%	5.71866	432.81
55	89	0.14586	0.91424	500	0.00%	5.71866	439.06
56	90	0.15740	0.91930	500	0.00%	5.71866	445.28
57	91	0.16865	0.92419	500	0.00%	5.71866	451.47
58	92	0.18270	0.92902	500	0.00%	5.71866	457.62
59	93	0.19936	0.93366	500	0.00%	5.71866	463.75
60	94	0.21852	0.93799	500	0.00%	5.71866	469.85
61	95	0.23850	0.94187	500	0.00%	5.71866	475.92
62	96	0.25811	0.94529	500	0.00%	5.71866	481.97
63	97	0.27437	0.94828	500	0.00%	5.71866	488.00
64	98	0.28793	0.95109	500	0.00%	5.71866	494.01
65	99	0.30635	0.95401	500	0.00%	5.71866	500.00
66	100	0.32675	0.95681	500			
67	101	0.34696	0.95944	500			
68	102	0.36889	0.96198	500			
69	103	0.39257	0.96443	500			
70	104	0.41806	0.96677	500			
71	105	0.44496	0.96897	500			
72	106	0.47291	0.97104	500			
73	107	0.50184	0.97298	500			
74	108	0.53181	0.97479	500			
75	109	0.56313	0.97650	500			
76	110	0.59530	0.97809	500			
77	111	0.62772	0.97955	500			
78	112	0.66030	0.98092	500			
79	113	0.69427	0.98224	500			
80	114	0.73335	0.98357	500			
81	115	0.77249	0.98480	500			
82	116	0.81356	0.98597	500			
83	117	0.85702	0.98709	500			
84	118	0.90019	0.98811	500			
85	119	0.94537	0.98909	500			
86	120	1.00000	0.99015	500			

Fidelity Life Association, A Mutual Legal Reserve Company

Form WC300 - Lifetime Benefit Term - For the Worksite

Appendix to Actuarial Memorandum - Reserve Demonstration

Table: 2001 Ultimate Age Last Birthday Nonsmoker Mortality Table

ROI:	4.00%	Net Level Premium:	6.53181
Method:	Semi-continuous	Beta Premium:	6.80882
Issue Age:	35	Alpha Premium:	1.00019
Gender:	Unisex 50% Male - 50% Female plan	Expense Allowance:	5.80863
Class:	Standard Non-nicotine		

Yr	Age	q	NSP per \$1	Death Benefits	PV \$1 Net Prem	PV Death Benefits	Terminal Reserve	Mean Reserve
1	35	0.00102	0.19722	1000	20.96894	136.96519	-	0.50
2	36	0.00108	0.20427	1000	20.78891	141.54797	5.99	6.40
3	37	0.00115	0.21157	1000	20.60271	146.26647	12.15	12.47
4	38	0.00122	0.21912	1000	20.41019	151.12249	18.50	18.73
5	39	0.00129	0.22692	1000	20.21116	156.11801	25.05	25.18
6	40	0.00138	0.23499	1000	20.00531	161.25950	31.77	31.81
7	41	0.00148	0.24332	1000	19.79274	166.53664	38.67	38.63
8	42	0.00161	0.25192	1000	19.57342	171.94327	45.74	45.61
9	43	0.00176	0.26077	1000	19.34740	177.46906	52.95	52.75
10	44	0.00193	0.26989	1000	19.11485	183.09940	60.30	60.03
11	45	0.00212	0.27926	1000	18.87578	188.82374	67.78	67.45
12	46	0.00232	0.28888	1000	18.63021	194.63145	75.38	74.99
13	47	0.00252	0.29877	1000	18.37806	200.51596	83.12	82.66
14	48	0.00271	0.30892	1000	18.11884	206.48704	91.01	90.47
15	49	0.00294	0.31938	1000	17.85197	212.55889	99.03	98.42
16	50	0.00321	0.33013	1000	17.57764	218.71003	107.14	106.49
17	51	0.00353	0.34116	1000	17.29618	224.91080	115.32	114.64
18	52	0.00391	0.35246	1000	17.00807	231.12319	123.51	122.82
19	53	0.00433	0.36399	1000	16.71374	237.30856	131.68	131.00
20	54	0.00482	0.37576	1000	16.41336	243.43925	139.79	139.14
21	55	0.00538	0.38774	1000	16.10753	249.46378	147.78	147.19
22	56	0.00596	0.39992	1000	15.79674	255.33330	155.62	155.10
23	57	0.00655	0.41230	1000	15.48088	261.02430	163.31	162.87
24	58	0.00715	0.42489	1000	15.15940	266.53134	170.86	170.49
25	59	0.00781	0.43773	1000	14.83183	271.84469	178.20	177.93
26	60	0.00857	0.45079	1000	14.49833	276.91652	185.26	185.14
27	61	0.00945	0.46406	1000	14.15954	281.67108	191.93	192.00
28	62	0.01045	0.47750	1000	13.81649	286.00351	198.11	198.42
29	63	0.01152	0.49108	1000	13.46984	289.81895	203.71	204.31
30	64	0.01266	0.50479	1000	13.11978	293.03938	208.67	209.59
31	65	0.01388	0.51864	1000	12.76619	295.59244	212.90	214.19
32	66	0.01514	0.53262	1000	12.40901	297.39268	216.33	218.02
33	67	0.01650	0.54677	1000	12.04777	298.36582	218.86	221.00
34	68	0.01796	0.56107	1000	11.68239	298.40091	220.34	223.00
35	69	0.01958	0.57554	1000	11.31280	297.36556	220.59	223.87
36	70	0.02144	0.59015	500	10.93945	295.07359	230.50	228.95
37	71	0.02365	0.60486	500	10.56351	302.42830	240.43	238.87
38	72	0.02617	0.61959	500	10.18698	309.79285	250.34	248.79
39	73	0.02886	0.63428	500	9.81122	317.13999	260.23	258.69
40	74	0.03179	0.64895	500	9.43599	324.47414	270.09	268.56
41	75	0.03498	0.66358	500	9.06144	331.79188	279.93	278.42
42	76	0.03855	0.67818	500	8.68780	339.08850	289.73	288.24
43	77	0.04262	0.69270	500	8.31585	346.34784	299.43	297.98
44	78	0.04724	0.70708	500	7.94715	353.53832	309.00	307.62
45	79	0.05238	0.72126	500	7.58323	360.62894	318.41	317.11
46	80	0.05834	0.73520	500	7.22497	367.60109	327.59	326.40
47	81	0.06513	0.74880	500	6.87502	374.40067	336.48	335.44
48	82	0.07233	0.76196	500	6.53569	380.98001	345.10	344.19
49	83	0.08006	0.77471	500	6.20596	387.35608	353.46	352.69
50	84	0.08867	0.78707	500	5.88539	393.53390	361.52	360.90
51	85	0.09791	0.79897	500	5.57515	399.48454	369.30	368.82
52	86	0.10836	0.81043	500	5.27459	405.21392	376.72	376.42
53	87	0.12027	0.82134	500	4.98581	410.67022	383.69	383.61
54	88	0.13290	0.83155	500	4.71195	415.77657	390.22	390.36
55	89	0.14586	0.84106	500	4.45209	420.53063	396.34	396.68
56	90	0.15740	0.84993	500	4.20324	424.96309	402.35	402.75
57	91	0.16865	0.85854	500	3.95365	429.27066	408.41	408.78
58	92	0.18270	0.86714	500	3.69493	433.56817	414.38	414.80
59	93	0.19936	0.87545	500	3.42923	437.72443	420.14	420.66
60	94	0.21852	0.88324	500	3.15547	441.62089	425.60	426.27
61	95	0.23850	0.89027	500	2.86850	445.13267	430.85	431.63
62	96	0.25811	0.89646	500	2.55186	448.22897	436.13	436.89
63	97	0.27437	0.90188	500	2.17544	450.93926	442.03	442.48
64	98	0.28793	0.90701	500	1.68468	453.50252	449.36	449.10
65	99	0.30635	0.91234	500	1.00000	456.17223	458.75	457.46
66	100	0.32675	0.91750	500	-	458.74815	461.18	459.96
67	101	0.34696	0.92235	500	-	461.17729	463.54	462.36
68	102	0.36889	0.92708	500	-	463.53827	465.82	464.68
69	103	0.39257	0.93164	500	-	465.81783	468.00	466.91
70	104	0.41806	0.93600	500	-	468.00180	470.07	469.04
71	105	0.44496	0.94014	500	-	470.06953	472.01	471.04
72	106	0.47291	0.94403	500	-	472.01344	473.84	472.93
73	107	0.50184	0.94768	500	-	473.83985	475.56	474.70
74	108	0.53181	0.95112	500	-	475.55856	477.18	476.37
75	109	0.56313	0.95436	500	-	477.17795	478.69	477.93
76	110	0.59530	0.95737	500	-	478.68733	480.08	479.39
77	111	0.62772	0.96017	500	-	480.08450	481.39	480.74
78	112	0.66030	0.96278	500	-	481.39095	482.66	482.02
79	113	0.69427	0.96531	500	-	482.65667	483.93	483.30
80	114	0.73335	0.96787	500	-	483.93496	485.11	484.52
81	115	0.77249	0.97023	500	-	485.11444	486.24	485.68
82	116	0.81356	0.97248	500	-	486.24228	487.32	486.78
83	117	0.85702	0.97464	500	-	487.32166	488.31	487.82
84	118	0.90019	0.97662	500	-	488.30931	489.26	488.78
85	119	0.94537	0.97852	500	-	489.26007	490.29	489.78
86	120	1.00000	0.98058	500	-	490.29034	500.00	495.15
						500.00000		500.00

Fidelity Life Association

Actuarial Memorandum

ACCELERATED DEATH BENEFIT FOR LONG TERM CARE RIDER

Accelerated Benefit Long Term Care Rider Form W3P06

Rider Certificate W3006

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(1) Plan Description:	2
(2) Benefits:	2
(3) Renewability:	2
(4) Applicability:	2
(5) Issue Ages and Rate Structure:	2
(6) Marketing Method:	2
(7) Nonforfeiture:	2
Pricing Assumptions:	2
(8) Derivation of Gross Premiums:	2
(9) Premium:	3
(10) Premium Modal Factors:	3
(11) Morbidity - Incidence:	3
(12) Morbidity - Termination:	3
(13) Mortality:	3
(14) Trend Assumptions:	3
(15) Area Factors:	3
(16) Expenses:	3
(17) Distribution:	3
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(20a) Active Life Reserves:	4
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(21) Minimum Required Loss Ratio:	4
(22) Anticipated Loss Ratio:	4
(23) Historical Experience:	4
(24) Lifetime Loss Ratio:	4
(25) History of Rate Adjustments:	4
(26) Number of Policyholders:	4
(27) Effective Date:	4
Actuarial Certification	5

Scope and Purpose: The purpose of this actuarial memorandum is to present information to demonstrate the reasonableness of the work performed in determining the premium rates to be used for the forms and to demonstrate compliance with the state's requirements. This rate filing is not intended to be used for other purposes.

Product Features

(1) Plan Description: The rider provides an accelerated death benefit, and will be issued with the Company's Group Worksite Lifetime Benefit Term Plan. The product has a gender (sex distinct or unisex, as permitted by state) and nicotine use structure for premiums. Premiums will vary depending on the characteristics of the group. The general specifications are as follows:

- ✓ 25-month maximum benefit period.
- ✓ 90-day elimination period.
- ✓ Maximum monthly benefit is 4% of the base face amount.
- ✓ Issue ages 16-80.
- ✓ Rider expires at age 121.

(2) Benefits: The Rider provides that the Certificate Holder may elect to receive a portion of the Death Benefit provided by The Policy and shown in the Certificate Schedule Page, when the Insured becomes eligible for benefits by being certified as a Chronically III Individual who is Confined to a Nursing or Assisted Living Facility or is receiving Home Health or Adult Day Care and the conditions of this Rider are met.

The rider provides a monthly accelerated benefit while the insured is Chronically ill, after the 90-day elimination period has been satisfied. The monthly accelerated benefit is 4% of the base face amount, with a maximum benefit period of 25 months.

Chronically III Individual means an Insured who has been certified by a Licensed Health Care Practitioner as:

1. being Unable to Perform, without Substantial Human Assistance, at least two Activities of Daily Living (Bathing, Continence, Dressing, Eating, Toileting, and Transferring) for a period of 90 days; or
2. the Insured has a Severe Cognitive Impairment that requires Substantial Supervision to protect the Insured from threats to his or her health and safety.

Certification by the Licensed Health Care Practitioner of the Chronically III Insured must occur at least once every 12 months.

The Monthly Accelerated Benefit may not be larger than the Maximum Remaining Accelerated Death Benefit Amount. The Maximum Remaining Accelerated Death Benefit Amount equals the current death benefit provided by The Policy, minus the total of all previous Monthly Accelerated Death Benefit Amounts paid under this Rider to the Certificate Holder. While acceleration benefits are paid, premiums for the coverage provided by the base policy will be waived. Death Benefits will be reduced if an Accelerated Death Benefit is paid.

(3) Renewability: This form uses a guaranteed renewable structure. The guaranteed premiums are set at 200% of the current rates. The company reserves the right to adjust premiums, subject to the guarantees, on a class basis, as defined by the Company.

(4) Applicability: This forms and rates included in this filing will be available to new issues only.

(5) Issue Ages and Rate Structure: This rider will be sold to base insureds ages 16 through 80. The issue age premiums will vary by gender (sex distinct or unisex, as permitted by state) and nicotine use, and will vary depending on the characteristics of the group. The Company may elect to change the rate structure on a prospective basis for newly issued contracts. Initial premiums are guaranteed for the 1st policy year.

(6) Marketing Method: Marketing will be conducted primarily through independent agency distributions.

(7) Nonforfeiture: No nonforfeiture benefits are provided by this rider.

Pricing Assumptions

(8) Derivation of Gross Premiums: Premium rates are level, based on issue age on an age last birthday basis. Premium rates were developed using Tillinghast Actuarial Software's (TAS') accident and health module.

Pricing assumptions were entered into the TAS model. Cash flow projections were performed and iterations run to solve for gross premiums that are expected to provide the funds necessary to pay anticipated claims, expenses, taxes and commissions; set up appropriate reserves and surplus; provide an acceptable return to the company; and meet state requirements.

Assumptions used in the calculations are described below and are consistent with those for the base policy.

(9) **Premium:** Current and Guaranteed premium rates are shown separately in the accompanying Rate Schedule.

(10) **Premium Modal Factors:** Semi-annual = Annual x 0.50; Quarterly = Annual x .25; Monthly = Annual x 0.08333

(11) **Morbidity - Incidence:** Actuarial Risk Management (ARM) claim costs for long term care were utilized, based on ARM long term care cost guidelines. The basis for these guidelines is governmental studies, experience of clients, and the judgement of ARM actuaries.

(12) **Morbidity - Termination:** Termination Rates were developed by ARM, based on experience and judgement.

(13) **Mortality:** 1975-80 Ultimate ALB, adjusted to be in line with the base policy.

(14) **Trend Assumptions:** No medical or insurance trends were used in pricing this product.

(15) **Area Factors:** No area factors are used.

(16) **Expenses:** Expenses consist of commissions and allowance, underwriting and issue expense, claim administration expense, and premium taxes. Expense assumptions, including compensation, are shown in the table below (except for the overhead contribution).

<i>Type</i>	<i>Percent of Premium</i>	<i>Per Rider</i>	<i>Claim Incurred^</i>	<i>per Disabled Claim</i>
Claims	N/A	N/A	\$35	\$60
Premium Tax	2.5%	N/A	N/A	N/A
Commissions	99% FY/6.5% 2-10/3.5% 11+			

Overhead Expenses: The product assumed an overhead contribution of 4% of premium in year 1.

Target Surplus: 4% of premium

(17) **Distribution:**

These are the distributions used in the development of the projected loss ratios found at the end of this memorandum.

<u>Issue Age</u>	<u>25</u>	<u>35</u>	<u>45</u>	<u>55</u>
Non-nicotine	18%	36%	27%	9%
Nicotine	2%	4%	3%	1%

(18) **Lapse Rates:** Set at rates in line with the market and the base product.

1	20%
2	15
3	10
4	9
5+	8

Lapse rates are set to 25% at the later of attained age 65, or the 6th certificate year.

(19) Interest assumption: Set at 5.25% for years 1 through 2, and 5.5% thereafter. This represents a net earned rate after investment expenses and defaults.

Valuation Basis

(20a) Active Life Reserves

Morbidity Basis - ARM developed incidence rates

Mortality Basis - 2001 CSO ALB (or approved table in future periods)

Termination Rates - Mortality table & Lapse Rates

Interest - 4% (or maximum allowable by law in future periods)

Reserve Method - Two Year Full Preliminary

Because the policy is guaranteed renewable, the policy termination rates include:

(1) the valuation mortality rates and

(2) the pricing lapse rates.

Substandard morbidity: In calculating active life reserves, claim costs are increased by any substandard factor (percentage) included on the policy.

Any negative mid-terminal reserves were floored at zero, resulting in higher reserves on some policies.

(20b) Claims Reserves

Termination Rates - were developed by ARM, based on experience and judgement.

Interest - 4% (or maximum allowable by law in future periods)

Reserve Method - Present Value of Future Benefits following the Val date

If credible, company data will be used in the first policy year. Claim expense reserves were based on the assumption shown in the expense section.

Filing Information

(21) Minimum Required Loss Ratio: The product will meet the requirements in the state in which it is filed. For those states not adopting the NAIC model regulation on A&H or a variation, do not have a minimum requirement on loss ratio. For those states, which has adopted the NAIC version, those states the minimum requirement is 50%. For those states, which adopted a variation of the NAIC model regulation, the minimum loss ratio varies by state but ranges from 50% to 55%. Due to the many variations amongst the states, this product was priced to produce a loss ratio of 55% to 60%.

(22) Anticipated Loss Ratio:

This form was priced to produce an anticipated loss ratio in the range of 55% to 60%. The expected lifetime loss ratio is 55.3%

(23) Historical Experience: These are new forms. No prior experience exists.

(24) Lifetime Loss Ratio: This is a new filing. The expected lifetime loss ratio is 55.3%.

(25) History of Rate Adjustments: These are new forms.

(26) Number of Policyholders: These are new forms.

(27) Effective Date: The proposed effective date of the premium rates is the date they are approved by the state.

Actuarial Certification

To the best of my knowledge and judgment, this filing is in compliance with the applicable laws of the state in which this policy is filed and with the rules of the Department of Insurance and complies with Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans," and the benefits provided are reasonable in relation to the proposed premiums.

Reliance

In preparing this actuarial memorandum and certifying to the reasonableness of the premiums, I have relied on information provided to me by FLA. Although I have not audited this information, I have reviewed it for reasonableness. To the extent that it is incomplete or inaccurate, the contents of this memorandum may be materially affected.



Corwin K Zass, ASA MAAA FCA
Actuarial Risk Management
Principal & Consulting Actuary
May 19, 2010

Fidelity Life Association

Actuarial Memorandum

ACCELERATED DEATH BENEFIT FOR

LONG TERM CARE & TERMINAL ILLNESS RIDER

Accelerated Benefit Long Term Care & Terminal Illness Rider Form W3P07

Rider Certificate W3007

Scope and Purpose:	2
Product Features:	2
(1) Plan Description & Underwriting:	2
(2) Benefits:	2
(3) Renewability:	3
(4) Applicability:	3
(5) Issue Ages and Rate Structure:	3
(6) Marketing Method:	3
(7) Nonforfeiture:	3
Pricing Assumptions:	3
(8) Derivation of Gross Premiums:	3
(9) Premium:	3
(10) Premium Modal Factors:	3
(11) Morbidity - Incidence:	3
(12) Morbidity - Termination:	3
(13) Mortality:	4
(14) Trend Assumptions:	4
(15) Area Factors:	4
(16) Expenses:	4
(17) Distribution:	5
(18) Lapse Rates:	5
(19) Interest assumption:	5
Valuation Basis:	5
(20a) Active Life Reserves:	5
(20b) Claims Reserves:	5
Terminal Illness Rider:	5
(21a) Charges for Benefit:	5
(21b) Reserve Basis:	6
Filing Information:	6
(22) Minimum Required Loss Ratio:	6
(23) Anticipated Loss Ratio:	6
(24) Historical Experience:	6
(25) Lifetime Loss Ratio:	6
(26) History of Rate Adjustments:	6
(27) Number of Policyholders:	6
(28) Effective Date:	6
Actuarial Certification:	6

Scope and Purpose: The purpose of this actuarial memorandum is to present information to demonstrate the reasonableness of the work performed in determining the premium rates to be used for the forms and to demonstrate compliance with the state's requirements. This rate filing is not intended to be used for other purposes.

Product Features

(1) Plan Description & Underwriting: The rider provides an accelerated death benefit, and will be issued with the Company's Group Worksite Lifetime Benefit Term Plan. The rider is underwritten on the same basis as the base life insurance plan it is made a part of. The base life product and rider are designed for the worksite/association/sponsored marketplace and are both underwritten according to the traditional guidelines for these markets: Guaranteed issue, conditional guaranteed issue and simplified issue underwriting. The product has a gender (sex distinct or unisex, as permitted by state) and nicotine use structure for premiums. Premiums will vary depending on the characteristics of the group. The general specifications are as follows:

- ✓ 25-month maximum benefit period.
- ✓ 90-day elimination period.
- ✓ Maximum monthly benefit is 4% of the base face amount.
- ✓ Terminal Illness benefit, payable using the lien approach, where the insured's life expectancy is 12 months or less due to an illness or physical condition.
- ✓ Issue ages 16-80.
- ✓ Rider expires at age 121.

(2) Benefits: The Rider provides that the Certificate Holder may elect to receive a portion of the Death Benefit provided by The Policy and shown in the Certificate Schedule Page, when the Insured becomes eligible for benefits by being certified as a Chronically III Individual who is Confined to a Nursing or Assisted Living Facility or is receiving Home Health or Adult Day Care and the conditions of this Rider are met.

The rider provides a monthly accelerated benefit while the insured is Chronically ill, after the 90-day elimination period has been satisfied. The monthly accelerated benefit is 4% of the base face amount, with a maximum benefit period of 25 months.

Chronically III Individual means an Insured who has been certified by a Licensed Health Care Practitioner as:

1. being Unable to Perform, without Substantial Human Assistance, at least two Activities of Daily Living (Bathing, Continence, Dressing, Eating, Toileting, and Transferring) for a period of 90 days; or
2. the Insured has a Severe Cognitive Impairment that requires Substantial Supervision to protect the Insured from threats to his or her health and safety.

Certification by the Licensed Health Care Practitioner of the Chronically III Insured must occur at least once every 12 months.

The Monthly Accelerated Benefit may not be larger than the Maximum Remaining Accelerated Death Benefit Amount. The Maximum Remaining Accelerated Death Benefit Amount equals the current death benefit provided by The Policy, minus the total of all previous Monthly Accelerated Death Benefit Amounts paid under this Rider to the Certificate Holder. While acceleration benefits are paid, premiums for the coverage provided by the base policy will be waived. Death Benefits will be reduced if an Accelerated Death Benefit is paid.

Adjusted Premiums Due to Acceleration: While the Insured is eligible for a Monthly Accelerated Death Benefit, We will waive the premiums due for the benefits provided to the Certificate Holder by The Policy. If the Insured later becomes ineligible for a Monthly Accelerated Death Benefit and a Maximum Remaining Accelerated Death Benefit Amount is still available, We will reduce the premium due for the Coverage and the benefits for this Rider. That reduced premium equals (1) multiplied by (2), plus (3):

1. The premium due on the Coverage and the benefits for this Rider;
2. The ratio of the adjusted Death Benefit to the current death benefit for The Policy;
3. The current premium for any other Optional Benefit attached to the Coverage.

The Coverage policy fee will not be reduced.

Adjusted Cash Surrender Due to Acceleration: Any Surrender Value payable under The Policy will be reduced by an amount equal to (1) multiplied by (2):

1. The current death benefit minus the Adjusted Death Benefit;

2. The ratio of the Surrender Value to the current death benefit.

The rider provides a "Living Benefit", where the maximum Accelerated Death Benefit for Terminal Illness, which may be elected by the Certificate Holder, is the lesser of 1 and 2:

1. 50% of the Death Benefit minus all previous Long Term Care Monthly Accelerated Death Benefit Amounts paid under this Rider; or
2. \$100,000

The minimum Accelerated Death Benefit for Terminal Illness, which may be elected by the Certificate Holder, is \$1,000.

The Accelerated Death Benefit for Terminal Illness payment as a lien against the Coverage provided by The Policy. Adjustments to the Terminal Illness payment are:

- (1) an administrative fee for processing.

(3) **Renewability:** This form uses a guaranteed renewable structure. The guaranteed premiums are set at 200% of the current rates. The company reserves the right to adjust premiums, subject to the guarantees, on a class basis, as defined by the Company.

(4) **Applicability:** This forms and rates included in this filing will be available to new issues only.

(5) **Issue Ages and Rate Structure:** This rider will be sold to base insureds ages 16 through 80. The issue age premiums will vary by gender (sex distinct or unisex, as permitted by state) and nicotine use, and will vary depending on the characteristics of the group. The Company may elect to change the rate structure on a prospective basis for newly issued contracts. Initial premiums are guaranteed for the 1st policy year.

(6) **Marketing Method:** Marketing will be conducted primarily through independent agency distributions.

(7) **Nonforfeiture:** No nonforfeiture benefits are provided by this rider.

Pricing Assumptions

(8) **Derivation of Gross Premiums:** Premium rates are level, based on issue age on an age last birthday basis. Premium rates were developed using Tillinghast Actuarial Software's (TAS') accident and health module. Pricing assumptions were entered into the TAS model. Cash flow projections were performed and iterations run to solve for gross premiums that are expected to provide the funds necessary to pay anticipated claims, expenses, taxes and commissions; set up appropriate reserves and surplus; provide an acceptable return to the company; and meet state requirements.

Assumptions used in the calculations are described below and are consistent with those for the base policy.

(9) **Premium:** Current and Guaranteed premium rates are shown separately in the accompanying Rate Schedule.

The rider is expected to have an average issue age of 38, an average face of \$56,000, and an average annual premium of 31.52. This is base on Current Group Rate 1, and a 50%/50% Male/Female distribution.

(10) **Premium Modal Factors:** Semi-annual = Annual x 0.50; Quarterly = Annual x .25; Monthly = Annual x 0.08333

(11) **Morbidity - Incidence:** Actuarial Risk Management (ARM) claim costs for long term care were utilized, based on ARM long term care cost guidelines. The basis for these guidelines is governmental studies, experience of clients, and the judgment of ARM actuaries. A sample set of incidence rates is shown in Exhibit 1.

(12) **Morbidity - Termination:** Termination Rates were developed by ARM, based on experience and judgment. A sample set of termination rates is shown in Exhibit 2.

(13) **Mortality:** 1975-80 Ultimate ALB, adjusted to be in line with the base policy. A sample set of mortality rates is shown in Exhibit 3.

(14) **Trend Assumptions:** No medical or insurance trends were used in pricing this product.

(15) **Area Factors:** No area factors are used.

(16) **Expenses:** Expenses consist of commissions and allowance, underwriting and issue expense, claim administration expense, and premium taxes. Expense assumptions, including compensation, are shown in the table below (except for the overhead contribution).

<u>Type</u>	<u>Percent of Premium</u>	<u>Per Rider</u>	<u>Claim Incurred[^]</u>	<u>per Disabled Claim</u>
Claims	N/A	N/A	\$35	\$60
Premium Tax	2.5%	N/A	N/A	N/A
Commissions	99% FY/6.5% 2-10/3.5% 11+			

Overhead Expenses: The product assumed an overhead contribution of 4% of premium in year 1.

Target Surplus: 4% of premium

(17) Distribution:

These are the distributions used in the development of the projected loss ratios found at the end of this memorandum.

<u>Issue Age</u>	<u>25</u>	<u>35</u>	<u>45</u>	<u>55</u>
Non-nicotine	18%	36%	27%	9%
Nicotine	2%	4%	3%	1%

(18) Lapse Rates: Set at rates in line with the market and the base product.

1	20%
2	15
3	10
4	9
5+	8

Lapse rates are set to 25% at the later of attained age 65, or the 6th certificate year.

(19) Interest assumption: Set at 5.25% for years 1 through 2, and 5.5% thereafter. This represents a net earned rate after investment expenses and defaults.

Valuation Basis

(20a) Active Life Reserves

Morbidity Basis - ARM developed incidence rates

Mortality Basis - 2001 CSO ALB (or approved table in future periods)

Termination Rates - Mortality table & Lapse Rates

Interest - 4% (or maximum allowable by law in future periods)

Reserve Method - Two Year Full Preliminary

Because the policy is guaranteed renewable, the policy termination rates include:

- (1) the valuation mortality rates and
- (2) the pricing lapse rates.

Substandard morbidity: In calculating active life reserves, claim costs are increased by any substandard factor (percentage) included on the policy.

Any negative mid-terminal reserves were floored at zero, resulting in higher reserves on some policies.

Reserves for the base policy form will not be affected by the addition of this rider, except that, as accelerated benefit payments are made, base policy form reserves will be reduced in proportion to reductions in the death benefits resulting from the accelerated benefit payments. The combined reserves of the base policy and the rider are at least as conservative as would be calculated according to a multiple decrement approach.

A sample set of active life reserve factors is shown in Exhibit 4.

(20b) Claims Reserves

Termination Rates - were developed by ARM, based on experience and judgment.

Interest - 4% (or maximum allowable by law in future periods)

Reserve Method - Present Value of Future Benefits following the Val date

If credible, company data will be used in the first policy year. Claim expense reserves were based on the assumption shown in the expense section.

Terminal Illness Rider:

(21a) Charges for Benefit: The Company is not charging any premium for the advancement of the death benefit and the outstanding Accelerated Benefit will not accrue interest.

(21b) Reserve Basis - Because the lien approach is used, the reserve held will be based upon the full face amount of the policy for as long as the insured lives. The amount of the lien in excess of the statutory reserve will be held as a nonadmitted asset.

Filing Information

(22) Minimum Required Loss Ratio: The product will meet the requirements in the state in which it is filed. For those states not adopting the NAIC model regulation on A&H or a variation, do not have a minimum requirement on loss ratio. For those states, which has adopted the NAIC version, those states the minimum requirement is 50%. For those states, which adopted a variation of the NAIC model regulation, the minimum loss ratio varies by state but ranges from 50% to 55%. Due to the many variations amongst the states, this product was priced to produce a loss ratio of 55% to 60%.

(23) Anticipated Loss Ratio:

This form was priced to produce an anticipated loss ratio in the range of 55% to 60%. The expected lifetime loss ratio is 55.3%

(24) Historical Experience: These are new forms. No prior experience exists.

(25) Lifetime Loss Ratio: This is a new filing. The expected lifetime loss ratio is 55.3%.

(26) History of Rate Adjustments: These are new forms.

(27) Number of Policyholders: These are new forms.

(28) Effective Date: The proposed effective date of the premium rates is the date they are approved by the state.

Actuarial Certification

To the best of my knowledge and judgment, this filing is in compliance with the applicable laws of the state in which this policy is filed and with the rules of the Department of Insurance and complies with Actuarial Standard of Practice No. 8, "Regulatory Filings for Rates and Financial Projections for Health Plans," and the benefits provided are reasonable in relation to the proposed premiums. I certify that the morbidity table used to calculate active life reserves for these forms is an appropriate statutory valuation table.

Reliance

In preparing this actuarial memorandum and certifying to the reasonableness of the premiums, I have relied on information provided to me by FLA. Although I have not audited this information, I have reviewed it for reasonableness. To the extent that it is incomplete or inaccurate, the contents of this memorandum may be materially affected.



Corwin K Zass, ASA MAAA FCA
Actuarial Risk Management
Principal & Consulting Actuary
May 19, 2010

Exhibit 1
Sample Annual Incidence Rates

<u>Duration</u>	<u>Age 25</u>	<u>Age 35</u>	<u>Age 45</u>	<u>Age 55</u>
1	0.00014	0.00014	0.00038	0.00075
2	0.00021	0.00021	0.00050	0.00103
3	0.00031	0.00031	0.00065	0.00137
4	0.00051	0.00051	0.00092	0.00202
5	0.00077	0.00077	0.00122	0.00278
6	0.00113	0.00113	0.00157	0.00369
7	0.00141	0.00141	0.00197	0.00472
8	0.00172	0.00172	0.00241	0.00596
9	0.00206	0.00206	0.00291	0.00745
10	0.00245	0.00245	0.00346	0.00921
11	0.00262	0.00262	0.00373	0.01024
12	0.00262	0.00273	0.00414	0.01138
13	0.00262	0.00284	0.00457	0.01266
14	0.00262	0.00296	0.00504	0.01441
15	0.00262	0.00307	0.00557	0.01640
16	0.00262	0.00318	0.00614	0.01867
17	0.00262	0.00329	0.00675	0.02125
18	0.00262	0.00340	0.00745	0.02419
19	0.00262	0.00351	0.00828	0.02782
20	0.00262	0.00362	0.00921	0.03199
21	0.00262	0.00373	0.01024	0.03678
22	0.00273	0.00414	0.01138	0.04230
23	0.00284	0.00457	0.01266	0.04863
24	0.00296	0.00504	0.01441	0.05456
25	0.00307	0.00557	0.01640	0.06121
26	0.00318	0.00614	0.01867	0.06867
27	0.00329	0.00675	0.02125	0.07704
28	0.00340	0.00745	0.02419	0.08642
29	0.00351	0.00828	0.02782	0.09574
30	0.00362	0.00921	0.03199	0.10606

Exhibit 2
Sample Monthly Termination Rates

Policy Month	<u>25</u>	<u>35</u>	<u>45</u>	<u>55</u>
1	0.08000	0.08000	0.08000	0.10000
2	0.02170	0.02170	0.02170	0.04440
3	0.02220	0.02220	0.02220	0.03880
4	0.07950	0.07950	0.07950	0.09270
5	0.07410	0.07410	0.07410	0.08000
6	0.08000	0.08000	0.08000	0.08700
7	0.05800	0.05800	0.05800	0.06350
8	0.06150	0.06150	0.06150	0.06780
9	0.04920	0.04920	0.04920	0.05450
10	0.03450	0.03450	0.03450	0.03850
11	0.03570	0.03570	0.03570	0.04000
12	0.03700	0.03700	0.03700	0.04170
13+	0.01960	0.01960	0.01960	0.02410

Exhibit 3
Sample Mortality Rates
Standard Underwriting Class
50% Male/Female Group
Non-Tobacco

Duration	<u>25</u>	<u>35</u>	<u>45</u>	<u>55</u>
1	0.000592	0.000643	0.001594	0.004051
2	0.000576	0.000685	0.001760	0.004445
3	0.000560	0.000736	0.001936	0.004877
4	0.000554	0.000800	0.002128	0.005357
5	0.000547	0.000874	0.002333	0.005888
6	0.000544	0.000960	0.002557	0.006470
7	0.000550	0.001066	0.002800	0.007107
8	0.000560	0.001178	0.003072	0.007792
9	0.000579	0.001302	0.003370	0.008531
10	0.000608	0.001440	0.003693	0.009338
11	0.000643	0.001594	0.004051	0.010221
12	0.000685	0.001760	0.004445	0.011194
13	0.000736	0.001936	0.004877	0.012266
14	0.000800	0.002128	0.005357	0.013443
15	0.000874	0.002333	0.005888	0.014742
16	0.000960	0.002557	0.006470	0.016176
17	0.001066	0.002800	0.007107	0.017750
18	0.001178	0.003072	0.007792	0.019491
19	0.001302	0.003370	0.008531	0.021434
20	0.001440	0.003693	0.009338	0.023619
21	0.001594	0.004051	0.010221	0.026083
22	0.001760	0.004445	0.011194	0.028848
23	0.001936	0.004877	0.012266	0.031942
24	0.002128	0.005357	0.013443	0.035379
25	0.002333	0.005888	0.014742	0.039149
26	0.002557	0.006470	0.016176	0.043261
27	0.002800	0.007107	0.017750	0.047693
28	0.003072	0.007792	0.019491	0.052448
29	0.003370	0.008531	0.021434	0.057581
30	0.003693	0.009338	0.023619	0.063162
31	0.004051	0.010221	0.026083	0.069184
32	0.004445	0.011194	0.028848	0.075654
33	0.004877	0.012266	0.031942	0.082566
34	0.005357	0.013443	0.035379	0.089898
35	0.005888	0.014742	0.039149	0.097571
36	0.006470	0.016176	0.043261	0.105558
37	0.007107	0.017750	0.047693	0.113853
38	0.007792	0.019491	0.052448	0.122461
39	0.008531	0.021434	0.057581	0.131376
40	0.009338	0.023619	0.063162	0.140605

Exhibit 4
Statutory Active Life Reserve Factors
Per \$1,000 Face Amount (of base policy)
Group 1, 50% Male, Non-Nicotine
Issue Age 45

Duration	${}_tV_x$
1	-
2	-
3	2.56
4	5.17
5	7.81
6	10.45
7	13.07
8	15.68
9	18.25
10	20.78
11	23.25
12	25.74
13	28.25
14	30.79
15	33.34
16	35.91
17	38.50
18	41.12
19	43.76
20	46.41
21	49.07
22	51.73
23	54.39
24	57.05
25	59.65

SERFF Tracking Number: FDLR-126661752 State: Arkansas
Filing Company: Fidelity Life Association, A Legal Reserve Life Insurance Company State Tracking Number: 45883
Company Tracking Number:
TOI: L04G Group Life - Term Sub-TOI: L04G.103 Renewable - Single Life - Fixed/Indeterminate Premium
Product Name: Age Change on LBT product
Project Name/Number: /

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: Filing Authorization		
Comments:		
Attachment:		
Filing Auth 052010.pdf		
	Item Status:	Status Date:
Satisfied - Item: Cover Letter		
Comments:		
Attachment:		
COVER LETTER.pdf		



Established 1896

Innovation Is Our Policy

Fidelity Life Association
1211 West 22nd Street, Suite 209
Oak Brook, IL 60528
Tel 680.522.0892
Fax 866.875.8175

May 4, 2010

Company NAIC Number: 63290
Company FEIN Number: 95-1060502

Re: Group Life Insurance Policy, Certificate and Benefit Forms
Letter of Authorization

To: All State Insurance Departments

The Fidelity Life Association, A Legal Reserve Life Insurance Company of 1211 West 22nd Street, Oak Brook, Illinois hereby authorizes Vision Financial Corporation to represent us in the submission of the captioned forms and to negotiate with Insurance departments for their approval.

Sincerely,

A handwritten signature in black ink, appearing to be 'Claran Brady', written over a horizontal line.

Claran Brady
Vice President of Operations

June 4, 2010

Life Policy Analyst
Life and Health Division
Arkansas Insurance Department
1200 West 3rd St.
Little Rock, AR 72201

RE: Fidelity Life Association
NAIC No.: 63290
FEIN Number: 36-1068685
Miscellaneous Forms Filing

Dear Sir or Madame:

I am submitting the attached updated actuarial memorandums for the following product that had previously been reviewed and approved by your Department:

1. Lifetime Benefit Term Group Life Insurance Policy, form WP300 and the Lifetime Benefit Term Certificate of Coverage, form WC300 approved by your Department on August 29, 2006. The modification of this actuarial memorandum is to notify you of the intent to expand the available issue ages for this product from 16 to 70 to ages 0 to 80.
2. Accelerated Death Benefit for Long Term Care Rider, forms W3P06AR and WC006AR approved by your Department on February 11, 2008. We will be expanding the issue ages from 16 to 70 to 16 to 80.
3. Accelerated Death Benefit for Long Term Care and Terminal Illness Rider, forms W3P07C-AR and WC007C-AR which was approved by your Department on April 28, 2008. We will be expanding the issue ages from 16 to 70 to 16 to 80.

These changes have been filed contemporaneously in our domicile State of Illinois.

Thank you for your assistance with this filing. If you have any questions, please call me at 1-800-635-4467, ext. 267.

Sincerely,

Barbara Mooney
Vice President Actuarial Services
Vision Financial Corporation
Telephone: 800-635-4467, ext. 267
Fax: 603-357-0250
Email: bmooney@visfin.com

Enc.

Vision Financial Corporation is a Third Party Administrator for Fidelity Life Association, A Legal Reserve Life Insurance Company